

## FEDERAL ACCOUNTS RECEIVABLE

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) debt management procedures formerly contained in VA Manual MP-4, Part VIII, Chapter 17, Federal Receivables.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook establishes the general procedural guidelines for the collection of debts owed VA by other Federal Agencies.
- 3. RESPONSIBLE OFFICE:** Cash and Debt Management Policy Division (047GC1), Office of the Deputy Assistant Secretary for Finance.
- 4. RELATED DIRECTIVE:** VA Directive 4800, Debt Management.
- 5. RESCISSIONS:** VA Manual MP-4, Part VIII, Chapter 17, dated September 22, 1992.

**CERTIFIED BY:**

/s/

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Assistant Secretary for  
Information and Technology

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS**

/s/

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## FEDERAL ACCOUNTS RECEIVABLE

**1. PURPOSE AND SCOPE.** This handbook establishes standardized Department-wide procedures for the collection of debts owed to the Department of Veterans Affairs (VA) by other Federal agencies. This handbook does not apply to medical care receivables established under 38 U.S.C. 1729, as these do not represent debts of a sum-certain amount. However, this handbook does apply to co-payments incurred by individuals for medical treatment and prescriptions, as well as other debts incurred by individuals for medical care and services.

**2. RESPONSIBILITY.** The Chief of the Fiscal Activity must ensure that appropriate procedures in accordance with this Handbook are followed when collecting Federal receivables.

**3. GENERAL.** This handbook provides guidance for collecting debts owed VA by other Federal agencies. Federal accounts receivables are normally incurred for materials furnished, services rendered, or refunds of amounts erroneously paid by one Federal agency to another. Interagency claims are excluded from the coverage of the Federal Claims Collection Standards (31 CFR §901.3(c)). There is no statutory or regulatory guidance for Federal accounts receivable. The only guidance in this area is found in the U.S. General Accounting Office (GAO) Principles of Federal Appropriation Law, Volume III, Chapter 12, Section D, Paragraph 4 and Chapter 13, Section B, Paragraph 4c(4).

**4. PAYMENT DEMANDS.** Prompt collection action on a timely basis with effective follow-up is to be taken for Federal receivables. The first billing to a Federal agency for payment of amounts due VA may be followed up with a second notice 30 days from the date of the initial billing. A third notice may be sent out 30 days later. It should be noted that three notice letters are not required, but may be appropriate depending on the nature of the case. A file is to be maintained on each indebtedness, which is to include copies of the billing documentation that substantiates the debt, subsequent follow-up documents, and any correspondence related to the indebtedness. If payment is not received, a demand should be sent to the attention of the delinquent agency's Chief Financial Officer. VA cannot sue the delinquent agency, hire a private debt collector, or offset the claim against the delinquent agency.

**5. INTEREST AND OTHER CHARGES.** No other charges, such as interest or administrative collection costs, will be added to the balance due from other Federal agencies.

**6. SETTLEMENT.** Federal receivables cannot be compromised, although the amount due VA may be reduced through settlement. The field station director, or designee, may consider the feasibility of settling an indebtedness owed by another Federal agency through negotiation with the debtor agency as to the amount that the debtor agency agrees is due VA. Such settlement of a Federal receivable is not a compromise and will not be recorded as a compromise. Instead, the original billing will be amended to reduce the debt to the corrected amount. Documentation on the settlement will be placed in the indebtedness file.

**7. WRITE-OFFS.** Receivables due VA from other Federal agencies cannot be written off. If a debt is deemed uncollectible because of a lack of valid documentation of the debt, the billing is to be canceled. The decision to cancel a billing to another Federal

agency is the responsibility of the field station director or designee. A report of all canceled bills due to lack of documentation is to be sent to VA Central Office (VACO), Office of Financial Policy (047GC1).